

TRACT No. 14.



Industrial Conditions  
**After the War:**  
The Place of the  
**LABOUR EXCHANGE.**

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PRICE—ONE PENNY.

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LIVERPOOL FABIAN SOCIETY,  
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## **PREFATORY NOTE.**

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The proposals contained in this pamphlet are the outcome of discussions in the Liverpool Fabian Society and its Executive Committee, to which many members have contributed. They are therefore published, upon the collective responsibility of the Society, as its considered contribution to the solution of the gigantic industrial problem which is certain to confront this nation when the Great War comes to an end.

ON the declaration of peace this country will be faced with many and varied problems. Some of these will be unprecedented in character and difficulty. It is not the intention in the limited compass of these pages to attempt to deal with these in any adequate sense, but to draw attention to one aspect of the labour question and to urge the necessity for making immediate preparation for dealing with it. The war came upon us like a summer thunder storm, and it may end with equal unexpectedness and suddenness. There is no time to lose if we are to avoid those terrible social conditions which in the past have succeeded similar—but less far-reaching—national upheavals.

The question will be approached from the point of view of the ordinary newspaper reader—"the man in the street"—and no claim is made to the possession of official secrets, or ability to forecast the policy of the government beyond what has been disclosed in the public press.

### **The Present Crisis.**

At the present moment the question of the organization of the country's labour force is second in importance only to that of our military position, and, indeed, the two are inseparable. It is now tacitly recognized that labour power is the country's greatest asset. For the time being labour is an easy first and capital a poor second. Nevertheless the remuneration of the capitalist is more than ever disproportionate to that of labour. Huge dividends are being earned by those who are in a position to take advantage of the needs of the nation, while wages, from the point of view of purchasing power, have actually fallen. Still it is labour which is the greatest concern of the country at the present moment. Men are wanted, and badly wanted, either for fighting material or for the production of physical necessities. On the other hand there is apparently no lack of capital.

The needs of the moment demand that this labour force should be regulated and directed to serve the common end. Attempts have been made by the government in this direction with more or less success. It was inevitable that these efforts—made by politicians in an hour of crisis—should meet with opposition and that mistakes should be made by all parties. It was inevitable that inroads should be made on personal freedom and the rights of the ordinary citizen. The question is how far and in what directions is the legislature justified in interfering with and curtailing individual liberty in order to achieve national ends? Also, and this is more important, do the present conditions afford an opportunity of securing permanent reforms which will solve not only the problems of the war, but those which will follow on the outbreak of peace?

To-day the country is in a frame of mind to stand much more restrictive legislation than would be tolerated in normal times: witness, the Defence of the Realm Act, the Munitions Act, the Military Service Act and the recent gigantic budget which was received with general approval. Certainly while the Chancellor of the Exchequer finds it so easy to raise these enormous sums of money there is no justification for suspending social legislation in the interests of economy.

## **The New Industrial Revolution.**

We are now well over the threshold of a new industrial revolution. The effects of this in some respects will be quite as far-reaching as those which attended the industrial revolution of a century ago. At the present moment the country is practically a huge arsenal. Munitions of war are being produced everywhere throughout the length and breadth of the land on a scale of unexampled magnitude—in quiet country villages, on the mountains of Wales, in the Isle of Man, everywhere is the ploughshare being beaten into the sword and the pruning hook into the spear. It is popularly supposed that all this will end at the close of the war; let us hope it may. But judging from the preparations still being made, and the character of some of the factories still being built, it is not impossible that one of the chief industries of this country, for a long time to come, will be the manufacture of engines of destruction.

It is estimated that about three millions of workers are at present engaged on munitions, and according to Mr. Asquith's latest figures five millions of men are in the army. This means that ordinary industry has suffered and is going to suffer enormously. To meet the shortage of labour for munition work the factories have been "diluted" with unskilled workmen, women and boys. Operations hitherto performed by skilled men, and jealously preserved for them by powerful Trade Unions, are now carried out by women. In ordinary industries the substitution of women for men is taking place on a large scale. Incidentally it is quite possible that what the suffrage movement failed to do for women, the war may accomplish automatically. On the other hand the fear is that some of the work women are now doing, such as street sweeping, dock and agricultural labouring, grain trucking, etc., will have a degrading effect, moral and physical, which will seriously affect the future welfare of the nation. The damage which a great war inflicts is not only suffered at the front: every list of casualties is horribly incomplete.

## **Existing Anomalies.**

All sorts of mistakes have been made and anomalies exist on every hand. Skilled workmen were allowed to join the

army in the early days. After undergoing expensive periods of training, and wasting valuable time and skill, these men have, in many cases, been brought home and sent back to the workshop. In other cases unskilled men who, presumably, were quite capable of becoming good soldiers, have been trained to do more or less skilled work in the factories. Efforts are now being made to rectify these mistakes, but the loss in effective labour power and output has been very great.

Women are doing work which two years ago we should have said was beyond their power and skill. There is no doubt that, on the whole, they are doing it wonderfully well, but it is a question whether a state of civilization which requires them to do some of the things we have mentioned is worth all the effort and sacrifice now being made to maintain it. Much of this work is laborious, dirty and dangerous. In many cases the Factory Acts have been suspended and long hours and night shifts are being worked. So far no suggestion has been made that women should again descend the mines and yoke themselves to coal trucks, but we seem to be within measurable distance of that relapse into barbarism.

The government has given undertakings to restore the old conditions of workshop practice, rates of wages, etc., after the war, but with every good intention it is a question whether economic forces may not be too strong for them when the time comes to re-adjust the conditions of industry on the old lines.

Another serious matter is the treatment of children. The school-leaving age—already too low—has been tampered with, and in many districts children are leaving school at the age when their education might reasonably be expected to begin. This at a time when our national deficiencies in education and technical training are being brought home to us in a very painful manner. Education estimates have been cut down and facilities for learning generally reduced. Expenditure on school buildings is practically stopped, and the already unwieldy classes in elementary schools are increased in size by the need for economy in staffing. It is difficult to see how such a policy is going to help the country to regain its commercial supremacy.

## **The Employment of Women.**

Grave anomalies exist in the matter of wages, especially in regard to women. The Minister of Munitions, by the issue of certain circulars, and later by the amended Munitions Act, has attempted to regulate wages for women, so far as the controlled establishments are concerned, but the varying rates of remuneration are still a cause of dissatisfaction. Complaints have appeared in the public press of women working very long

hours for most inadequate remuneration. On the other hand there are cases where women, by means of piecework and bonus rates, are earning large wages—occasionally more than skilled workmen.

The effect of this is that many important national industries are suffering from a shortage of female, as well as male labour. It is absurd, e.g., to expect a woman in a textile town to remain at her loom, even when she may be weaving khaki cloth for, say, 16/- per week, when she can earn double that amount in a munition factory.

Efforts are being made to get women on to the land. The success of these is very doubtful, unless something can be done to level up the wages, and even a khaki armlet does not compensate for this serious disability. Patriotism, like the parson's "call" naturally lies in the direction of the higher pay. Presumably also, the needs of the nation justify this view, otherwise the discrepant rates of wages are nothing short of stupidity.

This is not the time to criticise a harrassed government, but if our rulers meant business they might be expected to take in hand all the important industries, as in the case of the railways, and settle wages in every trade on a flat-rate basis. Not necessarily that everybody should be paid alike, e.g., the managing director of an armament firm may be worth more to the country at the moment than a fitter's labourer, but there is no reason why either should get more than the corresponding ranks, say, of a colonel and private soldier on active service, seeing that life at the front is one of constant hardship and risk. The standardization of rates of pay would remove many difficulties now existing and would effect, without undue hardship, the much-needed economy in war time.

## **The Problems of the Future.**

So much for the present. Everybody is anxiously looking for the first break in the war cloud—the first sign of peace. By some, however, the prospect is not viewed without apprehension. The country was admittedly unprepared for war and the consequences have been tragic. If peace, when it comes, also find us unprepared, the consequences may be still more disastrous. It is not difficult to plunge headlong into a great conflict; it is another matter to settle a country and to restore the *status quo ante bellum*—if that is ever possible. The return to civil occupations of probably five million soldiers and three million munition workers; the prevention of widespread unemployment and the rapid restoration of industry and commerce will be tasks calling for the utmost strength and wisdom in our rulers.

It is gratifying to learn that these matters are already engaging the attention of the government, and that departmental and other committees have under consideration various schemes and suggestions. In addition to the broad problems already referred to there will be a host of difficulties to be dealt with, e.g.,—

- 1—The policy to be adopted in regard to the manner of the release of soldiers and munition workers.
- 2—The adjustment of rates of wages and the maintenance of the standard of living.
- 3—The question of the employment of women in view of their recent incursion into the industrial field.
- 4—Workshop practice.
- 5—The training of disabled soldiers and sailors.
- 6—Special provision for young men whose vocational training or apprenticeship has been interrupted by the war.

In addition to these questions, which are of peculiar interest to students of labour conditions, there will be the big problems of the re-capitalization of industry and the provision of exceptional banking facilities; the general encouragement of industry and commerce; tariff reform versus free trade, etc. These are much too serious questions for our present consideration, and it is proposed to deal only with those which appeal specially to labour.

The authorities seem to be agreed that the outlook is a serious one. It is difficult to see how it can be otherwise. The suspension of the arts of peace, the actual loss of thousands of valuable lives, the waste of untold wealth must be followed by a harvest of poverty and suffering. Probably much may be done to mitigate these evils by care and forethought, but it is too much to hope that any human effort can totally counteract the effects of this terrible business. Mr. J. A. Hobson, in his pamphlet on "Labour and the Costs of War," says:

"This is the first and most inevitable injury which war brings to labour. It lowers wages. Whether the money rates of wages be reduced or not depends upon various conditions which do not here concern us. What does concern us is that the real earnings—the standard of living of the worker—will be reduced."

And again:—

"Myriads of workers whose jobs were to be kept open will find themselves out because the business has itself gone under. Myriads more will, by their return, displace their temporary substitutes, now more skilled than they, and swelling the ranks of unemployment. Whole occupations will have passed into the hands of women who cannot, and will not, be dismissed for more expensive



male labour. The new labour-saving economies of plant and organization which war has established will not easily be given up in peace. Is it likely that the Trade Unions, which have been forced or persuaded to suspend their rules regarding demarcations between trades and their distinctions of skilled and unskilled labour, will be able at once to resume them, or to get back the customary restrictions of output by which they counteracted the inhuman pressure of the machine? For the labour organizations will be weakened, not only by their war concessions and by the semi-military control under which they will have been living, but by the knowledge that quantities of free "skilled labour" have been improvised without regard to permanent demand for their employment."

## **Mr. Sidney Webb's Report and Recommendations.**

An unpublished report, drawn up by Mr. Sidney Webb, is equally pessimistic with regard to the industrial conditions after the war. Briefly, it anticipates a lengthened dislocation of the labour market; a sudden collapse of the industries incidental to the war; the competition of the discharged soldiers and sailors with the disbanded munition workers for employment; lack of capital; high rates of interest; dear food and rising rents. "Unless very drastic action is taken," the report goes on, "wages will come down with a run; the result will be great anxiety and suffering; certain deterioration in physique and character; a terrible time for women and children; degradation of the standard of life and injury to Trade Unions."

To meet this crisis the report indicates that the government proposals include the following:—

- 1—The discharged soldier is to be sent to the Labour Exchange. He is also for a period of, say, twelve months to come under the Unemployment section of the National Insurance Act, i.e., he would be entitled to 7/- per week whilst unemployed, payable through the Labour Exchange.
  - (A) The disbanded soldier is also to be sent home on usual pay and separation allowance.
  - (B) Free railway ticket.
  - (C) Gratuity of probably £5 to £6 for a private.
- 2—The Local Committees, under the Statutory Military Pensions Scheme, to find work for partially disabled soldiers and also for soldiers' widows.
- 3—The Prince of Wales' Fund to deal with cases of distress.
- 4—The revival of the Distress Committees under the Unemployed Workmen Act, 1905.



5—Finally there would be the Poor Law, with the 'Stoneyard' and the Workhouse.

The report further points out that these proposals are not designed to *prevent* unemployment, but only to deal with it after it has occurred, and even for this purpose it regards the proposals as utterly inadequate. It also points out that no provision whatever is suggested in regard to the disbanded munition workers.

Mr. Webb calls upon the government to take a larger view of its responsibilities in this matter and suggests several steps which labour itself should take to meet the crisis, e.g.,—

1—The formation of special Local Committees by the Trades Councils, with the following functions:—

- (A) To consider what is likely to happen in their own town—how many soldiers will come back and how many munition workers will be discharged, etc.
- (B) To co-operate with the Prince of Wales' Fund, the Statutory Pensions Authority, the Distress Committee and the Board of Guardians.
- (C) To press the Town Councils to put in hand plans for public works.

2—That Trade Unions should levy themselves in order to increase their funds.

The report also recommends—

- 1—That the War Office should *gradually* disband the army and notify the Labour Exchange in advance before every soldier is released, so that, if possible a job may be waiting for him at his home town. Also, if desired, similar information should be sent to the man's Trade Union.
- 2—That precisely similar arrangements should be made by the Minister of Munitions in respect of all munition workers.
- 3—That the Board of Trade should at once extend Unemployment Insurance to *all* trades.
- 4—That the government make a declaration in favor of *maintaining the standard rate of wages*.

Finally the report ends with a number of suggestions which divide themselves into two classes: First, those which urge the various government departments and local authorities to be prepared to put in hand works of public utility—housing, roads, schools, etc. Second, those which suggest grants in aid;

the ear-marking of half the Prince of Wales' Fund; the continuance of Queen Mary's Fund; the aid of the Distress Committee; but the line is drawn at the Poor Law, with the statement that nothing would cause more popular resentment and anger than allowing either ex-soldiers or ex-munition workers to be driven to this extremity.

Altogether this report is most interesting and valuable, even to the final paragraph, in which a characteristic note is struck:—

"The report has been limited to the measures to be taken to meet the pressing emergency that will arise on the outbreak of peace. It is for these measures that labour organizations should press in the first instance. But the occasion calls for far-reaching changes in industrial organization—for a cessation of the present wasteful competition and individual profit seeking; for the deliberate re-organization of agriculture on lines that will enable the land to be put to its highest use in the production of food; for a systematic organization of the whole transport system under public control; for the nationalization of such indispensable services as the supply of coal—through which alone the nation can be enabled to meet effectively the competition of better educated and more systematically organized communities."

With most of the suggestions contained in the report there will probably be general agreement, particularly the insistence on preparation now for putting in hand the arrears of public work accumulated during the war. It is disappointing, however, to learn that any reliance whatever is being placed on charitable funds and on the revival of the old Distress Committees. It would surely be better to make a stand for the gradual release of soldiers and munition workers on some definite plan, than to bring thousands of workers under these demoralizing influences.

### **The Place of the Labour Exchange.**

It is clearly the intention that the Labour Exchange should play an important part in dealing with after-the-war problems, both in the matter of providing employment and the extension of Unemployment Insurance. The task of finding jobs for the soldiers and munition workers is grudgingly conceded to the Labour Exchange by the Trade Unionists. They are evidently not anxious to undertake the work themselves, but they plainly imply that they have not much faith in this particular government department. While knowing its weakness they make no suggestion for strengthening it and giving it such power as would enable it to carry out its functions satisfactorily. Messrs. G. D. H. Cole and W. Mellor, in an excellent series of articles on Labour after the War, which appeared in "The Herald," express the above view in the following terms:—

"However much we may suspect Labour Exchanges, and, still more, Labour Exchange officials, we shall have to conquer our repugnance and use them for all they are worth."

If the Labour Exchange is to be entrusted by the country with this colossal task it will require all the sympathetic support which can be given to it, and it is unfortunate that a spirit of distrust and suspicion should be encouraged towards it by men whose position and training should ensure broad and impartial judgment.

So far it has not been pointed out that if the Labour Exchange is to grapple satisfactorily with the problem of providing employment for millions of workers after the war, it will have to be put in a much stronger position. It is useless registering millions of the unemployed at the Labour Exchange unless that medium is also made the repository of *all* the nation's demands for labour.

### **The Necessity for Extended Powers.**

To cope satisfactorily with the situation it will be necessary, therefore, that all unemployed persons should be required to register forthwith at the nearest Labour Exchange; also that all vacancies throughout the whole community should be notified to the Labour Exchange, and no employer should be permitted to engage any worker except through that channel. At present the use of the Labour Exchange by either employer or workman is permissive. It would be delightful if everybody realized the advantage of the system and voluntarily decided to use it not merely "for all it is worth," but in a spirit of broad co-operation, recognizing in it a national institution possessing great possibilities. Unfortunately it is not given to us to work out our social salvation on such pleasant lines, and in critical times, such as these, we cannot wait for the slow growth of public spirit and general intelligence.

The Labour Exchange cannot make openings for the worker, but given the proper authority it can, to an appreciable extent, regularize employment and prevent many of the evils which follow in the train of a period of trade depression.

The corollary to statutory notification of vacancies is that all persons out of employment shall be required not only to register themselves at a Labour Exchange, but shall be debarred from accepting employment except through official channels.

One of the greatest advantages which would accrue from this arrangement would be that if there were not sufficient jobs to go round it would be definitely known to what extent the demand for labour failed to equal the supply, and in what direction. This information has never been available before, and for lack of it many mistakes have been made. With such knowledge steps could be taken to develop certain industries in which the demand for workers might fall below the supply.

Also the extent of "workshyness" would be definitely ascertainable. Hitherto the suspicion of this characteristic amongst the unemployed has been made the excuse by superior persons for neglecting the problem of unemployment.

## **Effect on Wages and the Standard of Living.**

Another great advantage of a real Labour Exchange would be the tendency to steady rates of wages and maintain the standard of living, the importance of which cannot be over-estimated. The Labour Exchange is sometimes charged by Trade Unionists with keeping down wages. It is also stated by employers that the Labour Exchange favors Trade Unions and keeps up rates of wages. Both criticisms cannot be true. The Labour Exchange does not consciously set out to favor either side, but if it reduces individual competition between those who have their labour-power to sell it must naturally tend to maintain a reasonable standard.

It is quite clear that when the soldiers return from the front and the munition workers are discharged, if all these people have to adopt the old method of hawking their labour from employer to employer in a time of depression, wages will fall, Trade Unions will seriously suffer and industrial strife will inevitably follow. It is too much to expect, under such conditions, that Trade Unions will be able to maintain the standard of living. After all only approximately one-fourth of the workers in this country are organized, and it is certain that a big fall in the remuneration of unorganized workers will be followed by the lowering of "standard" rates all round.

It is true that hitherto the policy of the Labour Exchange has been one of impartiality in the matter of rates of wages. That is to say that an employer can give an order for labour to the Exchange and offer any wages he chooses. The Labour Exchange is bound to register the vacancy and to notify it to any suitable applicant, who may or may not accept it. In view of the exceptional conditions which lie ahead, and especially if the government decide to entrust the Labour Exchange with the full powers which are necessary to make it a really useful institution, it might be desirable to arrange that the Labour Exchange should refuse to place a workman except at standard rates agreed upon between organized capital and labour, or fixed by the Trade Boards.

## **Attitude of Trade Unions and Employers.**

Probably some Trade Unions may oppose the suggestion that the finding of employment for their members should be restricted to a government department. A few unions undertake to find employment for all their members, with satisfactory results. Others do it with only partial success, and many do

not attempt it. Some crafts are split into opposing unions, jealous of each others activities. *No union takes any account of those outside the pale of its organization.* It will thus be seen that Trade Unions are not fitted for dealing with the general problem of unemployment. They should, therefore, all abandon the effort and, in the common interest, co-operate with a national system possessing facilities which they can never hope to enjoy. It is clear that in the future the Trade Unions will have their hands full in other directions—in the restoration of workshop practice, the settlement of male and female labour, rates of wages, demarcation, etc.

It is also likely that many employers will oppose the suggested development of the Labour Exchange; too often they encourage the hawking of labour and favor the existence of "stagnant pools" from which they can select as and when they want workers. Also it is probable that, in some cases, the capitalist is looking to the end of the war to regain something of his old ascendancy, and is eagerly anticipating the lowering of wages and the weakening of Trade Unionism. Surely the time is coming when the workman will refuse to play into the hands of such employers by touting, cap in hand, for the chance of earning a hard and, too often, precarious livelihood.

### **Release of Soldiers and Munition Workers.**

With regard to the release of the soldiers and munition workers there was an excellent proposal on the agenda of the I. L. P. Conference, held at Newcastle, this year, to the effect that the soldiers should be demobilized by trades "and at a rate up to the ascertained capacity of the labour market to absorb them." That means that men should be retained in the army on full pay and separation allowance until work can be found for them. It would be very much better and cheaper, in the end, to keep the soldiers marking time and polishing their buttons, failing better occupation, until employment was available, than to flood the country with five million men, and a proportionate number of starving wives and families.

The same applies to the munition workers. A scheme should be considered now for finding them occupation or, at all events, for keeping them on pay pending the provision of industrial employment. The cost of all this would no doubt be enormous, but a country which can raise money so easily and can afford a war costing £5,000,000 a day cannot urge economy as an excuse for evading its obvious responsibility and refusing to spend a few millions in the interests of peace.

So far, however, there is no suggestion as to *how* the government are to ascertain the position with regard to the increasing demand for workers as the country gradually rights

itself. There is no indication of this in the excellent recommendation to the I. L. P. Conference. Clearly it must be done by a department which holds all the industrial strings in its hands and is in close touch with the actual supply of and demand for labour. That department would naturally be the Labour Exchange, assuming that it occupied the position which has been claimed for it.

In the first place it would be necessary, on the declaration of peace, for the military authorities to make a careful census of the soldiers, giving full details of industrial qualifications and history, regimental particulars and home addresses. This could be deposited at the central office of the Board of Trade, in London. The demands for workers in all industries would then be sent to London from the local Labour Exchanges and tabulated according to trades. The Board of Trade would then notify the War Office, from time to time, as to the men to be released, giving the necessary identification details and having regard to the home address of the men, so that a joiner belonging to Bristol would not necessarily be sent to the north of Scotland. In this way the men would be released gradually, not by regimental battalions containing men of all trades, but in accordance with the actual demands of the country.

### **Extension of Unemployment Insurance to all Trades.**

The suggestion has been made in several quarters, and particularly by a writer in the "New Statesman," that the Unemployment Insurance Act should be extended to *all* trades.\* This is absolutely necessary, even if the recommendations which we have considered were adopted, for the utmost forethought will not avert considerable dislocation. The government have agreed, apparently, to extend the Act to the soldiers for a limited period, but it is hoped that the larger measure will be introduced, otherwise cases of invidious treatment will arise. There will also be the suspicion that the "insured" men will get the preference of employment by the Labour Exchange in order to get them off the books.

The Labour Exchange already possesses the machinery for paying unemployment insurance and for safeguarding the insurance fund against unjustifiable claims. The functions of providing employment and paying unemployment insurance benefit are inseparably allied, but it is only fair to the employer, the workman and the state, all of whom contribute to the fund, that the Labour Exchange should be in the strongest position for dealing with the unemployed and getting them to work with the least delay.

\*It is interesting to learn, on the eve of the publication of this tract, that the government are about to introduce a bill to extend the provisions of the National Insurance Act (Unemployment) to all trades engaged in the making of munitions and in other forms of war work.



## Minimum Value of Recommendations.

It is fully recognized that these suggestions, if put into practice, would not directly increase the sum of employment in the country, and it may be said that what is wanted is to focus attention upon the problem of industrial reconstruction. In other words, if trade could be galvanized into early activity, unemployment would be negligible—if we fed the dog the tail would wag itself. It is not intended to divert attention from the necessity for all this. It is, however, urged that the proposed measures would enable the best to be made of the actual conditions, whatever they were. They would tend to regulate employment and wages: to prevent the hungry workman from underselling his labour and undercutting his fellow, and the competitive employer from taking advantage of the needs of the people. The abolition of the hawking of labour would do much to infuse a new spirit and a sense of dignified independence in our people. It would do away for ever with the degrading spectacle of hiring stands, such as exist on the docks at many of our seaports, and with the begging of employment from bullying foremen.

If this opportunity of securing these and other advantages is neglected, then one costly lesson of this tragic war will have been wasted. What we are now paying for, and paying for too dearly, is the lack of efficiency and organization. We were not ready for the war—that may be pardonable in a civilized country—but to be unprepared for PEACE, when it comes, would be a lasting disgrace.





